

Regular Session, December 19, 2011, 7:00 p.m.  
Catawba County Board of Commissioners

**Appointments**

Dangerous Dog Appellate Board	410	12/19/11
Board of Equalization and Review	410	12/19/11
Catawba Valley Medical Center Board of Trustees	410	12/19/11

**Awards**

Distinguished Public Service Award – Joab Cotton	410	12/19/11
Certificates of Commendation – 4H – Harlie Cope and Dale Bass	410	12/19/11

**Assistant County Manager**

Introduction of Mary Furtado	409	12/19/11
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**Budget**

Funding of Drug Treatment Court	419	12/19/11
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**Drug Treatment Court**

Funding	419	12/19/11
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**Economic Development Corporation**

Punker, LLC Incentives	410	12/19/11
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**Resolutions**

Punker LLC Incentives	410	12/19/11
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The Catawba County Board of Commissioners met in regular session on Monday, December 19, 2011 at 7:00 p.m. in the Robert E. Hibbitts Meeting Room of the 1924 Courthouse, 30 North College Avenue, Newton, North Carolina.

Present were Chair Katherine W. Barnes, Vice-Chair Lynn M. Lail and Commissioners Dan A. Hunsucker, Barbara G. Beatty and Randy Isenhower.

Also present were County Manager J. Thomas Lundy, Assistant County Manager Dewey Harris, County Attorney Debra Bechtel, Deputy County Attorney Anne Marie Pease and County Clerk Barbara Morris.

1. Chair Katherine W. Barnes called the meeting to order at 7:00 p.m.
2. Vice-Chair Lynn Lail led the Pledge of Allegiance to the Flag.
3. Chair Barnes offered the invocation.
4. Commissioner Dan Hunsucker made a motion to approve the minutes from the Board's Regular Meeting and Closed Session of December 5, 2011. The motion carried unanimously.
5. Recognition of Special Guests: Chair Barnes welcomed everyone present, specifically welcoming the Bandys AP Government Students, the 4H Students and Brother Anthony Spearman from the Hickory Board of Education. Chair Barnes then asked County Manager J. Thomas Lundy to make an introduction. Mr. Lundy introduced new Assistant County Manager Mary Furtado. Ms. Furtado will oversee the following departments: Planning and Parks, Technology, Budget, Finance, Tax, Cooperative Extension, ICMA Fellow, the Green Team and Keep Catawba County Beautiful.

6. Public Comments for Items Not on the Agenda: No comments from the public but Chair Barnes took this opportunity to explain the procedural process and Board background information to the AP Government Students.
7. Presentations:
  - a. All Board members came forward to present a Distinguished Public Service Award to Mr. Joab Cotton in recognition of his service to the Hickory Public Schools and Catawba County as a member of the Hickory Board of Education for sixteen years, including eight years as its Vice-Chair and, during the last two years, as Board Chair. During his tenure, the Board of Education retained four exemplary superintendents, implemented the JROTC program at Hickory High School and instituted a standardized dress code in all middle and high schools in the district. Mr. Cotton praised the Board for its support of education.
  - b. The Board presented Certificates of Commendation to Harlie Cope and Dale Bass, recognizing their individual accomplishments in Horse Bowl competition at this year's All American Quarter Horse Congress in Columbus, Ohio and Eastern National 4-H Horse Round-Up in Louisville, Kentucky. Ms. Cope finished in first place in the individual category at both competitions, while Mr. Bass finished third in Louisville and fifth in Columbus.
8. Appointments:

Commissioner Hunsucker recommended the reappointment of Dr. Harry Cooke for an eighth term and David Perkosi for a fifth term on the Dangerous Dog Appellate Board. These terms will expire November 4, 2014. Vice-Chair Lail recommended the reappointment of Charles Preston for a third term on the Board of Equalization and Review. This term will expire December 5, 2014. Commissioner Barbara Beatty recommended the reappointment of Jay Reardon for a first term and Jim Wright for a second term on the Catawba Valley Medical Center Board of Trustees. These terms will expire December 31, 2015.
9. Departmental Reports:
  - A. Economic Development Corporation.

Julie Pruett of the Catawba County Economic Development Corporation presented a request for the Board to approve an economic development agreement with Punker LLC, which will lease the 20,000 square foot former Turbotec building at 914 25th Street, SE in Hickory for a minimum of five years. It plans to invest a minimum of \$4,584,100 in machinery and equipment and create a minimum of 62 jobs with the potential to create 80 new jobs over five years. The average wage will exceed Catawba County's average wage (\$35,216).

These recommendations came in the form of a motion. The motion carried unanimously.

Punker searched for existing buildings in North and South Carolina, Georgia and Ohio. It has determined the best location for its first U.S. manufacturing operation is the Turbotec building in Hickory. Punker is a privately held company, founded in 1954, currently employing over 360 people and headquartered in Eckernförde, Germany. It manufactures fan wheels and blowers for over 1,000 customers on every continent and over 100 different market sectors including cooling systems, roof fans, dust/smoke extraction and commercial ovens. Punker expects the Hickory manufacturing location to grow its product share in the United States. This project represents two of the Economic Development Corporation's target industries as Punker's fan wheels provide high energy efficiency and low noise levels.

The incentive is based on the condition of a total new investment of \$4,584,000; the creation of a minimum of 62 new jobs, with the potential to create 80 new jobs, paying an average wage at or above Catawba County's average wage as determined by the NC Department of Commerce; and a requirement that the company not hire anyone 25 years of age or below who does not have a minimum of a high school diploma. Adhering to all State statutes, a County incentive is proposed in the form of a performance based grant with a maximum payment of \$8,217 in the first year, \$8,535

in the second year, \$13,464 in the third year and \$14,259 in the fourth year, for a total maximum of \$44,475. Should Punker create 80 jobs or more by Dec 31, 2016, the grant will be extended for one additional year, bringing the grant period to five years with a payment of \$18,224 in the fifth year, for a total maximum of \$62,699. This amount was derived by determining the guaranteed investment and subsequent income stream to the County over a four or five year period, multiplying that figure by 60% for the first four years and 75% for the fifth year. This investment will net a positive payback to the County immediately, similar to paybacks used to determine grant involvement in other County projects. These incentives will be based on the economic development agreement which requires Punker to meet minimum thresholds of investment (\$4,584,000 by 2016) and job creation (62 by 2016). The agreement requires repayment should the investment and job creation amounts not be met or sustained.

Commissioner Hunsucker made a motion to adopt the resolution authorizing incentives for Punker, LLC and directs the County execute the contract. The motion carried unanimously. The following resolution and agreement apply:

Resolution No. 2011-

Resolution Authorizing Economic Development Incentives for Punker, LLC

**WHEREAS**, Punker, LLC (herein referred to as "the Company") requested incentives to cause a minimum investment of \$4,584,000 in the Company's Hickory facility by December 31, 2016, and the creation and maintenance of a minimum of 62 jobs and up to 80 new jobs by December 31, 2016, with a requirement to not hire anyone without a minimum of a high school diploma for anyone 25 years of age or below, and that the total average wage of the jobs will be above the average wage in Catawba County as determined annually by the North Carolina Department of Commerce.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners of Catawba County, North Carolina, as follows:

The Board of Commissioners approves a performance based grant, based on the minimum investment of \$4,584,000 and 62 new jobs, with a maximum payment of \$8,217 year 1, \$8,535 year 2, \$13,464 year 3 and \$14,259 year 4 (total maximum incentive of \$44,475). Should Punker create 80 jobs or more by Dec 31, 2016 the grant will be extended for one additional year, bringing the grant period to 5 years and increasing the percentage in the fifth year to 75, equaling a grant payment of \$18,224 in the fifth year (total maximum incentive of \$62,699). This grant will be used to reimburse the Companies' expenditures as eligible under North Carolina General Statute 158-7.1. The Board of Commissioners also directs the County to execute a contract and any necessary resolutions or addenda between the Company and the County under these terms and conditions and authorizes the Chair to execute these documents.

This the 19th day of December, 2011.

Prepared by: **Debra Bechtel, Catawba County Attorney**  
**P.O. Box 389, Newton, North Carolina 28658**

STATE OF NORTH CAROLINA CATAWBA COUNTY AND PUNKER LLC  
ECONOMIC DEVELOPMENT AGREEMENT  
**COUNTY OF CATAWBA**

This **JOINT ECONOMIC DEVELOPMENT AGREEMENT** (this "Agreement") is made and entered into this day of \_\_\_\_\_, 2011, by and between **Catawba County**, ("County") a North Carolina Body Politic Corporate in Nature, having a mailing address of **P.O. Box 389, Newton, North Carolina 28658**, and **Punker, LLC** ("Punker"), a Limited Liability Company organized and existing under the laws of the State of

Delaware, having a mailing address of **1209 Orange Street, Wilmington, Delaware 19801** (Punker is sometimes herein referred to as "Company").

**WITNESSETH:**

**WHEREAS, North Carolina General Statutes (NCGS) 158-7.1(a) authorizes County to make appropriations for the purpose of aiding and encouraging the location of business enterprises and industrial and commercial plants in or near its boundaries and Company is engaged in manufacturing fan wheels and blowers within the meaning of NCGS 158-7.1; and**

WHEREAS, Company intends to up-fit and equip an existing manufacturing facility ("Improvements") at 914 25<sup>th</sup> Street, SE, Hickory, NC 28602, Parcel ID # 372213130762 (the "Property"), at a cost in excess of Four Million Five Hundred Eighty-Four Thousand Dollars (**\$4,584,000**) and intends to create eighty (80) new jobs, with the improvements to be constructed between November 1, 2011 and December 31, 2016 (the "Improvement Period"); and

WHEREAS, in an effort to encourage and maintain the highest educational attainment, Company will enroll and actively participate in the Catawba County Education Matters program; and, for this and future projects, will agree to require a minimum of a high school diploma or its equivalent (GED, Adult HS Diploma, etc.) for anyone 25 years of age or below; and

WHEREAS, Company expects to be a community-oriented Company and intends to participate in philanthropy, community events and programs intended to increase the health and happiness of their employees and the greater community as a whole; and

WHEREAS, Company is encouraged, to the reasonable extent possible, to purchase local services and supplies, such as, but not limited to, locally produced products, local hotel, motel and hospitality services, local building and construction services, and other products and services;

NOW, THEREFORE, in consideration of the promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

County and Company agrees that this Agreement shall apply only with respect to Improvements undertaken or payments for such Improvements by Company between November 1, 2011 and December 31, 2016 (the "Improvement Period").

**SECTION I – COMPANY**

1. On or before December 30, 2011 Company shall:

1.1 Deliver to County a certificate confirming that Company has leased the Property and that the up-fit, and/or installation of the Improvements will result in the creation, maintenance and availability of a minimum of 62 new jobs with the intension to create 80 new jobs prior to December 31, 2016 and that the overall average wage of Company will equal or exceed the average wage requirement in Catawba County under the North Carolina Department of Commerce. Job requirements will include a minimum of a high school diploma or its equivalent (GED, Adult HS Diploma, etc.) for anyone 25 years of age or below as outlined by Education Matters. Company affirms understanding of, and agrees to comply with, the Calendar of Responsibilities as outlined in Exhibit "A". Such certificate shall be in the form or substantially in the form of the certificate attached to this Agreement as Exhibit "A".

1.2 Provide an Opinion of Counsel for Company, in form and substance reasonably satisfactory to County, that this Agreement has been duly authorized, executed and delivered by Company; and

1.3 Provide an Opinion of Counsel for Company, in form and substance reasonably satisfactory to County, stating that this Agreement is binding upon and enforceable against Company, in North Carolina, in accordance with its terms.

2. In order to induce County to enter into this Agreement and to appropriate and expend monies for payment of economic development incentives, Company represents and warrants to County that as of the execution date hereof:

2.1 Punker is a Limited Liability Company duly organized and existing under the laws of the State of Delaware, has a place of business within the State of North Carolina, and is in good standing and authorized to do business in the State of North Carolina;

2.2 Company has the corporate power and authority to own its properties and assets and to carry on its business as now being conducted and has the corporate power and authority to execute and perform this Agreement;

2.3 The undersigned Chairman of Punker has the right, authority and duty to execute this Agreement in the name and on behalf of Punker;

2.4 This Agreement (i) is the valid and binding instrument and agreement of Company, enforceable against Company in accordance with its terms; (ii) does not violate any order of any court or other agency of government binding on Company, the charter documents or operating agreement of Company or any provision of any indenture, agreement or other instrument to which Company is a party; and (iii) does not conflict with, result in a breach of, or constitute an event of default, or an event which, with notice or lapse of time, or both, would constitute an event of default, under any indenture, agreement or other instrument to which Company is a party;

2.5 There is no suit, claim, action or litigation pending, or to the best knowledge of Company threatened, relating to the Improvements, the use of the Improvements for their intended purpose, or any other matter contained herein;

2.6 To the best of Company's knowledge, there is no impediment to the use of the Property for the purposes contemplated by this Agreement.

2.7 Company is not engaged in a business that would be exempt from property taxes.

3. Company shall make investments to the Property and Improvements during the Improvement Period. Cumulative expenditures will meet or exceed Four Million Five Hundred Eighty-Four Thousand One Hundred Dollars (\$4,584,100) by December 31, 2016, all of which will qualify and result in additional value for ad valorem tax purposes as determined by the Catawba County Tax Office, and that it will maintain in place, in good condition (ordinary wear and tear excepted) said Improvements through December 31, 2019.

4. Company shall create a minimum of 62 and intends to create 80 new jobs at the Property by December 31, 2016 and maintain or make available these 62 new jobs in place through December 31, 2019. A job is defined as employment that provides 1600 hours or more of work in any 12 months period.

## SECTION II – COUNTY

5. On or before December 30, 2011 County shall deliver to Company an Opinion of Counsel for County, in form and substance reasonably satisfactory to Company, that this Agreement has been duly authorized, executed and delivered by County; and stating that this Agreement complies with the terms and requirements of NCGS 158-7.1(a) and is binding upon and enforceable against County with its terms; and evidence in the form of a Resolution or Resolutions, or official minutes, which County duly adopted authorizing the economic development incentives set forth in this Agreement.

6. Payment of economic development incentives in accordance with this Agreement shall be made as follows:

a. County will provide annual payments equal to 60% of the ad valorem taxes associated with the additional value (exclusive of rolling stock) as paid to County for a four year period, commencing with the taxes payable for the tax values on January 1, 2012, and January 1 of the succeeding three years. Should Punker exceed the minimum requirement of 62 new jobs and create at least 80 new jobs by December 31, 2016, then the incentive payment will be given for one additional year making the incentive payable over a total of 5 years. The percentage of the incentive will be increased to 75% of the ad valorem taxes associated with the additional value in that fifth year as reflected in the paragraph below:

b. In no event will the cumulative payments by County exceed sixty-two thousand six hundred ninety-nine dollars (\$62,699) for the five years or forty-four thousand four hundred seventy-five (\$44,475) for

the four years, or exceed eight thousand two hundred seventeen dollars (\$8,217) in year 1, eight thousand five hundred thirty-five dollars (\$8,535) in year 2, thirteen thousand four hundred sixty-four dollars (\$13,464) in year 3, fourteen thousand two hundred fifty-nine dollars (\$14,259) in year 4 and eighteen thousand two hundred twenty-four dollars (\$18,224) in year 5.

<b>Grant Year</b>	<b>Maximum Payment By County If a Minimum of 62 New Jobs are Created</b>	<b>Maximum Payment By County If 80 or More Jobs are Created</b>
1	\$8,217	\$8,217
2	\$8,535	\$8,535
3	\$13,464	\$13,464
4	\$14,259	\$14,259
5	0	\$18,224
<b>Total</b>	<b>\$44,475</b>	<b>\$62,699</b>

c. Said amount shall be payable annually, beginning in CY1 and payable through CY4. For the purposes of this Agreement, "CY 1" means calendar year 2013 and "CY 2" through "CY 4" means the succeeding three (3) calendar years. If at least 80 new jobs are created and maintained then "CY 2" through "CY 5" means the succeeding four (4) calendar years.

d. Upon payment of ad valorem taxes by Company to County for each of CY 1 through CY 4 or 5, and certification by Company in the form or substantially in the form of the certificate attached hereto as Exhibit B, of Improvements made and proof of payment of taxes and verification that Company has created and maintained jobs as agreed herein, County will, within sixty (60) days, pay to Company an economic development incentive payment, the amount of which is calculated by multiplying by .60 times the total ad valorem tax revenue received by County attributable to the value of the improvements made by Company pursuant to this Agreement in excess of the amount attributable to improvements already in place and taxed on the site as of November 1, 2011. This same process will be followed by County and Company in each of the immediately following three (3) years, unless a minimum of 80 jobs are created and maintained then the fifth year of the incentive payment will be calculated by multiplying .75 times the total ad valorem tax revenue received by County .

e. Company shall furnish to County on or before March 5th of each calendar year, following and corresponding to the previous July 1st when taxes are billed, the certification required by this Section 6 and proof of payment of all applicable taxes. If requested, Company shall provide County, at County's expense, independent certification as to such expenditures and number of existing jobs.

### SECTION III - OTHER

7. Force Majeure. Notwithstanding the provisions of Paragraph 8, in the event Company is unable to meet the requirements of Paragraphs 3, 4 and 6 as a result of (i) an event of force majeure, including but not limited to fires, explosions, acts of God, acts of public enemy, insurrections, riots, terrorism, embargoes, labor disputes, including strikes, lockouts and job actions, or boycotts; (ii) the inability to obtain the governmental permits or approvals (including zoning) necessary for the acquisition of the land or undertaking and operating the Improvements after a good faith effort to obtain same has been made; (iii) shortages of materials or energy; (iv) changes in laws; or (v) other causes beyond the control of and arising without the fault or negligence of Company; then, in such event, the Improvement Period shall be extended for a period equal to the delay caused by any of the foregoing events so long as Company shall (a) have furnished County on a timely basis, upon the occurrence of such event, a notice thereof, and (b) take all commercially reasonable steps necessary to relieve the effect of such event and to resume completion of the Improvements.

8. It shall be an Event of Default if any one or more of the following events shall occur for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by

operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- a. If Company, except in the event of force majeure, shall commit a material breach of a material obligation hereunder (including without limitation, the obligation to meet the investment goals and maintaining the minimum number (62) of newly created jobs as set forth herein) and such breach shall continue for a period of sixty (60) or more days following the receipt of written notice from County;
- b. If Company fails to timely file Exhibit A, or Exhibit B on or before March 5 of each year, following and corresponding to the previous July 1<sup>st</sup> when taxes are billed, and any qualifying incentive would be due to Company, this shall be deemed a breach of the Agreement and, notwithstanding Section 9, below, the sole remedy will be that County will not owe Company any incentive that may have otherwise been due had that filing properly been made;
- c. If any material representation, warranty or other statement of fact contained in this Agreement or in any writing, certificate, report or statement furnished by Company to County in connection with the transaction described in this Agreement, shall be false or misleading in any material respect when given;
- d. If Company shall be unable to pay their debts generally as they become due; file a petition to take advantage of any insolvency statute; make an assignment for the benefit of creditors; commence a proceeding for the appointment of a receiver, trustee, liquidator or conservator of themselves or of the whole or any substantial part of their property; file a petition or answer seeking reorganization or arrangement of similar relief under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state;
- e. If a Court of competent jurisdiction shall enter an order, judgment, or decree appointing a custodian, receiver, trustee, liquidator, or conservator of Company or of the whole or any substantial part of their properties, or approve a petition filed against Company seeking reorganization or arrangement of similar relief under the federal bankruptcy laws or any other applicable law or statute; or if, under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of Company or of the whole or any substantial part of their properties; or
- f. If Company shall allow its taxable assets, employment and average wage amounts to fall below the minimum values agreed upon in this Agreement, as each of the same pertain to the facility contemplated by this Agreement.

9. Remedy: If an Event of Default occurs, the obligation of County as set out herein shall terminate, and Company shall immediately refund to County all economic development incentive payments paid to Company prior to the date of the Event of Default plus interest at the rate of prime plus one percent (1%). The date the prime interest rate shall be determined shall be the date the County sends to Punker notice of the Event of Default.

10. Company and County acknowledge that any monies appropriated and expended by County for economic development incentives, as provided in this Agreement, are for a bona fide public purpose and are expended in good faith reliance on NCGS 158-7.1. In the event a Court of competent jurisdiction, after final appeal, rules to which either Company or County is a party, that all monies expended by County pursuant to this Agreement were not offered and accepted in good faith and in compliance with NCGS 158-7.1 and, further, that such monies must be repaid, Company will make such repayment to County. In the event one or more lawsuits are brought against County or any County elected official, officer, agent or employee, or Company, challenging the legality of this Agreement, then County and Company shall exercise their best efforts to defend against any and all such lawsuits. In any event, if Company is required to repay funds to County pursuant to this Section 9, the benefit of this Agreement to Company will have been lost and all further obligations of Company hereunder shall terminate.

11. All notices, certificates or other communications required or permitted to be given or served hereunder shall be deemed given or served in accordance with the provisions of this Agreement if the notice is (i) mailed in a sealed wrapper and is deposited in the United States mail, certified mail, return receipt requested, postage prepaid, or (ii) deposited with a national overnight courier service that retains receipts for its deliveries, properly addressed as follows:

Catawba County: Catawba County  
Attn: J. Thomas Lundy, County Manager

PO Box 389  
100-A S.W. Blvd.  
Newton, NC 28658

Copy to: Catawba County Attorney's Office  
Attn: Debra Bechtel, County Attorney  
PO Box 389  
100-A S.W. Blvd.  
Newton, NC 28658

Company: Punker, LLC  
Attn: Dr. Henning Bähren  
1209 Orange Street  
Wilmington, DE 19801

County or Company may, by notice given to the other, designate any further or different addresses to which notices, certificates, requests or other communications shall be sent.

12. This Agreement shall inure to the benefit of, and is binding upon, County and Company and their respective successors and assigns. However, neither this Agreement, nor any rights, privileges, or claims created by this Agreement may be transferred by Company without the prior, written approval of County, which approval will not be unreasonably withheld.

13. Except as otherwise provided in this Agreement, this Agreement may not be amended, changed, modified or altered except by written agreement of the parties.

14. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions of this Agreement.

15. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such fully-executed counterpart.

16. Controlling Law and Venue. This Agreement is governed by and shall be construed in accordance with the laws of the State of North Carolina; venue of any action shall be in the general courts of justice in Catawba County, or if in Federal court in the Western District of North Carolina.

17. The term of this Agreement shall commence on the date of execution and expire upon payment by County of all payments due to Company hereunder, unless earlier terminated as provided herein.

18. Both Company and County acknowledge and stipulate that this Agreement is the product of mutual negotiation and bargaining and that it has been drafted by Counsel for both Company and County. As such, the doctrine of construction against the drafter shall have no application to this Agreement.

IN WITNESS WHEREOF the parties hereto have set their hands and seals as of the day and year first above written.

**Catawba County,**  
A North Carolina Body Politic

**Attest:**  
**(SEAL)**

By: \_\_\_\_\_ (Seal)  
Katherine W. Barnes, Chair  
Catawba County, Board of Commissioners

\_\_\_\_\_  
Clerk



**Punker, LLC**

By: \_\_\_\_\_ (Seal)  
Henning Bähren  
Chairman

**EXHIBIT A**

**Joint Economic Development Agreement  
Between Catawba County and Punker, LLC**

**CERTIFICATE**

TO: Catawba County

This Certificate is delivered pursuant to Section 1.1 of the Joint Economic Development Agreement (the "Agreement"), dated \_\_\_\_\_, 20\_\_, between Catawba County ("County") and Punker, LLC ("Punker") (Punker is sometimes herein referred to as "Company"). Any capitalized term not otherwise defined herein shall have the meaning assigned to such term in the Agreement.

I, \_\_\_\_\_, do hereby certify, for and on behalf of Company, that:

- (a) Company has leased the real property necessary for the up-fit of the Facility and the Improvements; and
- (b) Company will create, maintain and make available a minimum of 62 net new jobs prior to December 31, 2016 and the overall average wage of Company, will equal or exceed the average wage requirement in Catawba County under the North Carolina Department of Commerce. Job requirements will include a minimum of a high school diploma or its equivalent (GED, Adult HS Diploma, etc.) for anyone 25 years of age or below as outlined by Education Matters; and
- (c) Company agree to comply with the Calendar of Responsibilities listed below:

**Calendar of Responsibilities:**

By January 5: Company make payment to County according to Tax Listing filed by January 31<sup>st</sup> of the previous year unless extension is requested and approved for April 15<sup>th</sup>. Any extension request must be filed by January 31<sup>st</sup>.

By March 5: Company must provide Exhibit B, supporting documents and proof of payment as required within Agreement.

By April 15: Company must provide Real/Personal Property Tax listings to County Tax Office.

By April 22: County Tax Office to provide Tax Listing on Specified Accounts.\*

By May 1: The Economic Development Commission ("EDC") provides Budget for incentives to County Budget Office\*

By May 5: EDC reviews Company' documentation to ensure compliance.\*

\*Note: these are not company responsibilities.

Dated at Catawba County, North Carolina, this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

**Punker, LLC**

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

**EXHIBIT B**

Joint Economic Development Agreement  
Between Catawba County and Punker, LLC

**CERTIFICATE**

TO: Catawba County

This Certificate is delivered pursuant to Section 3, Section 4 and Section 6 of the Joint Economic Development Agreement ("the "Agreement") dated \_\_\_\_\_, 2011, between Catawba County ("County") and Punker, LLC ("Punker") (Punker is sometimes herein referred to as "Company"). Any capitalized term not otherwise defined herein shall have the meaning assigned to such term in the Agreement.

Company does hereby certify that:

(a) The following improvements were made during the 20\_\_ Calendar Year: \_\_\_\_\_;

(b) The following jobs were created during the 20\_\_ Calendar Year: \_\_\_\_\_ (please attach the most recent quarterly Form NCUI 101);

(c) The average wage of all of those employed at the Conover facility during the 20\_\_ Calendar Year is as follows: (Wage Forms Total Payroll divided by number of employees) \_\_\_\_\_;

(d) Total cumulative personal property valuation installed at the Conover facility during the 20\_\_ Calendar Year \_\_\_\_\_; and

(e) Proof of taxes paid is attached to this certificate.

Dated at Catawba County, North Carolina, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

**Punker, LLC**

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

**Attachments (required):**

Current Year Catawba County personal and real property Tax Listing information as reported to Catawba County Tax Office, Most recent quarterly Form NCUI 101, Proof of taxes paid in full.

**Calendar of Responsibilities:**

By January 5: Company makes payment to County according to Tax Listing filed by January 31<sup>st</sup> of the previous year unless extension is requested and approved for April 15<sup>th</sup>. Any extension request must be filed by January 31<sup>st</sup>.

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By May 1: The Economic Development Corporation (EDC) provides Budget for incentives to County Budget Office.\*

By May 5: EDC reviews Company' documentation to ensure compliance.\*

\*Note: these are not company responsibilities.

**B. Budget:**

County Attorney Debra Bechtel as Chair of the Criminal Partnership Board presented a request from Catawba County's S.T.A.R. (Supervision, Treatment, Accountability, and Recovery) Team to fund half the costs of a Drug Treatment Court (DTC) Coordinator position, operating, and travel costs through the end of the fiscal year. Based on a mid-December start date, the projected cost is \$22,000. The DTC Coordinator was previously funded by the State of North Carolina but was eliminated on July 1, 2011. Since then, the S.T.A.R. Team has continued to operate the program

with voluntary assistance from Cognitive Connections staff. The team plans to apply for a grant to sustain the program, but no grants are available until July 1, 2012. Mental Health Partners has agreed to partner with the County in this effort by acting as fiscal agent and funding half the cost (\$11,000).

Catawba County began a DWI court in 2001. At that time, the Administrative Office of the Courts estimated that 50-80% of criminal offenders had problems with substance abuse, 35% of all felony cases filed in 2000-01 were drug offenses, and the County ranked tenth in the state for DWI arrests. This program then became a Drug Treatment Court, funded by a two year Governor's Crime Commission (GCC) grant through Catawba County Mental Health Services. A second GCC grant was obtained in 2003 to hire a DTC Coordinator and develop a pilot program. The S.T.A.R. Team began its first full year of operation in 2004 and the Catawba County Criminal Justice Partnership Program Advisory Board agreed in 2005 to act as the DTC Advisory Board, completing the final phase necessary to obtain ongoing State funding. In July 2005, the State of North Carolina assumed continued funding for a DTC Coordinator position, operating costs and participant incentives until July 2011, when the State eliminated funding for all DTC programs.

Drug Treatment Courts are a nationally recognized model which began in North Carolina in 1995 to enhance and monitor the delivery of treatment services to chemically dependent adult offenders while holding them accountable for complying with their court-ordered treatment plans. Offenders complete a three phase program that generally spans 12-18 months, during which time they must attend court every two weeks, submit to scheduled and random drug tests, comply with a curfew, attend treatment and recovery meetings, report regularly to probation officers, remain current on all treatment and court fees, seek and/or maintain employment and develop a plan to remain clean and sober after the program. Participants are rewarded along the way and, as they make progress, receive less restrictive curfews and random drug tests instead of two drug screens per week. Failure to comply at any point in the program leads to sanctions including judicial reprimand, electronic house arrest, in-patient intensive drug treatment, local jail time and, finally, dismissal from the program which leads to prison. Multiple national studies have shown DTC to be an effective means of managing these offenders because it is less expensive than prison and significantly breaks the cycle of addiction that leads to repeated law-breaking episodes.

Catawba County's S.T.A.R. Team has been very successful to date in managing drug offenders. Between 2007 and 2010, Catawba County DTC had a total of 84 people exit the program with 38 graduates (45%) and 46 terminations (55%) for non-compliance. This is better than the State's average during the same time period of 39% graduates and 61% noncompliant. In the program's first year of operation, the District Attorney's Office reported a 30% reduction in felony drug cases compared to the prior year. Over the past nine years, only 18.4% of Catawba County DTC graduates have been arrested for committing new crimes, also known as recidivism. Nationally, the recidivism rate for drug treatment court graduates ranges from 4% to 29% in the first year, in contrast to 48% for those who do not participate in a DTC program.

DTC programs are also less expensive than prison. Because of the level of crimes committed, most of these offenders would be facing State jail time if they weren't participating in the DTC program. On average it costs about \$4,200 for an offender to be enrolled in drug court for a year, compared to \$28,000-\$32,000 per year to house an inmate in State prison. Based on an average of thirteen graduates per year, that represents a savings of \$309,400 to \$361,400. All would likely spend more time in local confinement on a pretrial basis, increasing the pressure on the County jail and contributing to the problem of recidivism. As a result of the Justice Reinvestment Act, it appears it will be harder to send offenders to prison for probation violations and counties will be required to house them locally for at least 2-3 periods of 3 to 90 days before going to a State prison. Buncombe, Cumberland, Durham, Guilford, Mecklenburg, and New Hanover counties all have DTC programs that were continued with local funding and Wake has a 3-year grant for its program.

Commissioner Isenhower asked if both State and Federal grant funds would be sought to fund the program and it was confirmed that this was the case and the opportunities looked good for funding.

Commissioner Isenhower said he had spoken with Judge Cherry and had been told this was a good and successful program. Commissioner Isenhower made a motion to fund half the cost of the Drug Court for the rest of this fiscal year. The motion carried unanimously. The following appropriations apply:

Supplemental Appropriation:

110-1900050-690100	Fund Balance Applied	\$11,000
110-530900-915165	Drug Treatment Court	\$11,000

10. Other Items of Business: None.
11. Attorney's Report: None.
12. Manager's Report. None.
13. Adjournment. Commissioner Hunsucker made a motion to adjourn at 7:35 p.m. The motion carried unanimously.

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Katherine W. Barnes, Chair  
Catawba County Board of Commissioners

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Barbara E. Morris  
County Clerk